

## Federal and PA PIT\* Taxation of Major COVID-19 Relief Programs



Program	Taxable Federal?	Taxable PA?	Deductions Allowed To Recipient?	Federal Reference
<b>Individual</b>				
Stimulus Payment(s) (EIP/RR)	No	No	Yes	IRC 139(b)
Emergency Student Financial Aid Grant	No	No	Yes	CAA21 Sec. 277
COVID-19 Payments from Employer to Employee	No	Yes	Yes	IRC 139(b)
Student Loan Payments by Employer under Sec. 127	No	Yes	Employer Yes/Employee No	Sec. 127(c)(1)(B)
Coronavirus Related Distributions (CRD)	Yes (over 3 years)	Yes, no special treatment**	N/A	
<b>Business</b>				
PPP Loan Forgiveness	No	No	Yes	CAA21 Sec. 276
EIDL Advance (Grant)	No	No	Yes	CAA 21 Sec. 278
EIDL Loan	No	No	Yes	Loans Not Taxable
Debt forgiveness under CARES Act §1109(d)(2)(D)	No	No	Yes	CAA21 Sec. 278
Loan payment subsidy CARES Act §1112(c) -- ***	No	No	Yes (incl. interest)	CAA21 Sec. 278
Shuttered Venue Operator Grants	No	No****	Yes	CAA21 Sec. 278
State/Local/Private Business Disaster Grant	Yes	No	Yes	Rev. Rul. 2005-46
HHS Provider Relief Payments (PRP)	Yes	No	Yes	IRS FAQ
CFAP (USDA Subsidy)	Yes	Yes	Yes	USDA FAQ
Links to References:				
<a href="#">CAA21</a>				
<a href="#">127(c)(1)(B)</a>				
<a href="#">IRC 139</a>				
<a href="#">Rev. Rul. 2005-46</a>				
<a href="#">IRS FAQ PRP</a>				
<a href="#">CARES Act PA Taxability</a>				
<a href="#">CFAP Farm Subsidy</a>				
*PA info is for Personal Income Tax (PIT). PA Corporate Net Income (CNI) Tax follows federal treatment.				
** PA does not conform to CRD. Under 59.5 cost basis would be used to calculate taxable amount. Over 59.5 no PA tax (in general).				
***SBA 7(a), 504, Microloan Loans				
****PA has not issued guidance (would not be taxable if considered a grant by PA)				

Information updated 2/26/2021. Please stay alert for updates. This is not a substitute for your own research. Contact [sherry@pstap.org](mailto:sherry@pstap.org) with additions or corrections.